

HB 2787 -2 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 3/27

WHAT THE MEASURE DOES:

Distinguishes between authorized and unauthorized insurers writing wet marine and transportation insurance for tax purposes. Establishes, under surplus lines law for wet marine and transportation insurance, that licensees must pay Department of Consumer and Business Services a premium tax equal to .75 percent of premiums the licensee receives on insurance placed with unauthorized or nonadmitted insurers if insured entity's home state is Oregon.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 Moves proposed language setting tax at .75 percent of premium from ORS 735.470 to new section in statute. Clarifies that tax is due from insurance producer, not licensee, of wet marine and transportation insurance.

BACKGROUND:

Wet marine and transportation insurance is concentrated along the Columbia and Willamette rivers and along the coast, but is utilized throughout Oregon. Some common wet marine and transportation insurance policyholders include tub and barge operators, marine construction firms, terminal operators, railroads engaged in interstate commerce, and blue water ships and importers/exporters. An example of risks insured include vessel insurance for clients involved in international trade. Wet marine and transportation insurance policies are written by insurers who may or may not be authorized to conduct insurance business in Oregon. There is no requirement to be licensed in order to transact wet marine and transportation insurance in Oregon, and such insurance is exempt from the definition of surplus lines of insurance. However, a wet marine and transportation insurers must pay a tax to the Department of Consumer and Business Services based on underwriting profits.

House Bill 2787 establishes a different tax calculation for unauthorized insurers who transact wet marine and transportation insurance than for authorized insurers who are in the same market. For unauthorized insurers, the measure sets the tax at .75 percent of gross premiums that the insurer receives for the insurance placed with unauthorized or nonadmitted insurers if the insured entity's home state is Oregon.